

MAINE STATE LEGISLATURE

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**STATE OF MAINE
SENATE
119TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A " to S.P. 282, L.D. 800, Bill, "An Act to Create a Tax Credit for Licensing Fees Paid for the Use of University Patents on Wood Fiber Reinforced Products"

Amend the bill in section 1 by striking out all of that part designated "~~§5219-Q.~~" and inserting in its place the following:

§5219-Q. Credit for certain licensing fees

1. Credit allowed. A taxpayer is allowed a credit against the tax imposed by this Part equal to the amount paid by the taxpayer as licensing fees to the University of Maine System for the use of licensed intellectual property that is the product of technology research and development.

2. Definition. As used in this section, unless the context otherwise indicates, "intellectual property" includes the following if they are first made or generated by the University of Maine System:

A. The legal rights relating to inventions, discoveries, improvements, trade secrets, formulas, techniques and processes, whether or not patented;

B. Patents, patent applications or divisions, continuations or substitutions of those patent applications and reissues of those patent applications; and

C. Copyrights, trademarks and computer programs.

3. Corporation filing combined return. For a corporation filing a combined return, the credit generated by an individual corporation under this section must be applied in the same manner as provided in section 5219-M.

4. Carry forward. Unused portions of the credit may be carried forward 5 years.

5. Nonrefundable. The credit may not reduce the tax to less than zero.'

Further amend the bill by inserting after section 1 the following:

'Sec. 2. **Application.** This Act applies to tax years beginning on or after January 1, 2000.

Sec. 3. **Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Revenue Services

All Other \$6,000
Provides funds for computer programming costs to add a line to the corporate income tax form.'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

1999-00 2000-01

APPROPRIATIONS/ALLOCATIONS

General Fund \$6,000

REVENUES

General Fund (\$17,794) (\$73,251)
Other Funds (956) (3,937)

108

2 The tax credit for licensing fees paid for the use of
3 University of Maine System patents on wood fiber reinforced
4 products will decrease individual and corporate income tax
5 collections by total combined amounts of \$18,750 in fiscal year
6 1999-00 and \$77,188 in fiscal year 2000-01. The reduction of
7 these tax collections will decrease the amounts transferred to
8 the Local Government Fund for state-municipal revenue sharing in
9 those years by \$956 and \$3,937, respectively. The resulting net
10 reductions of General Fund revenue will be \$17,794 in fiscal year
11 1999-00 and \$73,251 in fiscal year 2000-01.

12
13 The Bureau of Revenue Services will incur additional costs
14 estimated to be \$6,000 in fiscal year 2000-01 for computer
15 programming to add a new line to the corporate income tax
16 return. This bill includes an additional General Fund
17 appropriation to fund these additional costs.'

18

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SUMMARY

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23 This amendment expands the credit to cover license fees paid
24 to the University of Maine System on intellectual property that
25 is the product of technology research and development. The
26 amendment also provides for apportionment of the credit among
27 affiliated corporations, adds an appropriation section, provides
28 an application date of January 1, 2000 and adds a fiscal note to
the bill.